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RECORDATION NO. 21062-C, D
FILED
DEC 31 '98 1-40PM

December 31, 1998

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
Washington, DC 20423

Dear Secretary Williams:

I have enclosed two originals of each of the two documents described below, to be recorded pursuant to 49 U.S.C. § 11301.

The first document is an Assignment and Assumption Agreement, a secondary document, dated as of December 31, 1998. The primary document to which this is connected is recorded under Recordation No. 21062. We request that this document be recorded under Recordation No. 21062-C.

The names and addresses of the parties to the Assignment and Assumption Agreement are:

Assignor:

National Railway Equipment Co.
14400 South Robey
Dixmoor, IL 60426

Assignee:

The CIT Group/Equipment Financing, Inc.
1211 Avenue of the Americas, 20th Floor
New York, NY 10036

BALL JANIK LLP

Honorable Vernon A. Williams

December 31 1998

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A description of the equipment covered by the Assignment and Assumption Agreement consists of five locomotives numbered NREX 963, 2529, 2697, 9546, and 9547.

The second document is a Memorandum of Purchase Agreement, a secondary document, dated as of December 31, 1998. The primary document to which this is connected is recorded under Recordation No. 21062. We request that this document be recorded under Recordation No. 21062-D.

The names and addresses of the parties to the Memorandum of Purchase Agreement are:

Seller:

National Railway Equipment Co.
14400 South Robey
Dixmoor, IL 60426

Purchaser:

The CIT Group/Equipment Financing, Inc.
1211 Avenue of the Americas, 20th Floor
New York, NY 10036

A description of the equipment covered by the Memorandum of Purchase Agreement consists of five locomotives numbered NREX 963, 2529, 2697, 9546, and 9547.

A fee of \$52.00 is enclosed. Please return an original of each document to:

Louis E. Gitomer
Of Counsel
Ball Janik LLP
Suite 225
1455 F Street, N.W.
Washington, DC 20005

BALL JANIK LLP

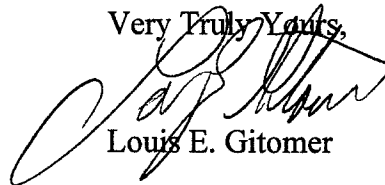
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A short summary of the documents to appear in the index follows: (1) an Assignment and Assumption Agreement between National Railway Equipment Co., 14400 South Robey, Dixmoor, IL 60426, and The CIT Group/Equipment Financing, Inc., 1211 Avenue of the Americas, 20th Floor, New York, NY 10036; and (2) a Memorandum of Purchase Agreement between National Railway Equipment Co., 14400 South Robey, Dixmoor, IL 60426, and The CIT Group/Equipment Financing, Inc., 1211 Avenue of the Americas, 20th Floor, New York, NY 10036, both covering five locomotives numbered NREX 963, 2529, 2697, 9546, and 9547.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "Louis E. Gitomer", is written over the typed name. The signature is stylized with a large, sweeping initial "L".

Louis E. Gitomer

Enclosures

RECORDATION NO. 21062-D
FILED
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EXECUTION VERSION

MEMORANDUM OF PURCHASE AGREEMENT

This Memorandum of Purchase Agreement dated as of December 31, 1998, between NATIONAL RAILWAY EQUIPMENT CO., an Illinois Corporation ("Seller"), and THE CIT GROUP/EQUIPMENT FINANCING, INC., a New York corporation ("Purchaser").


1. Seller owns five locomotives numbered NREX 963, 2697, 2529, 9546, and 9547 (the "Locomotives").
2. Seller leases the Locomotives to The Kansas City Southern Railway Company pursuant to that certain Locomotive Lease Agreement entered into as of October 17, 1997, as amended by Amendment #1 dated November 17, 1997 and Amendment #2 dated February 26, 1998 (the "Lease").
3. Seller desires to sell to Purchaser, and Purchaser desires to purchase from Seller, the Locomotives and all rights of Seller in, to and under the Lease at the price and on the terms and conditions set forth in the Purchase Agreement dated as of December 31, 1998 between Seller and Purchaser.

This Memorandum of Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned have caused this Memorandum of Purchase Agreement to be duly executed as of the day and year first written above.

NATIONAL RAILWAY EQUIPMENT CO.

By: 
Name: Patrick C. Frangella
Title: Vice President

THE CIT GROUP/EQUIPMENT
FINANCING, INC.


By: _____
Name:
Title:

IN WITNESS WHEREOF, the undersigned have caused this Memorandum of Purchase Agreement to be duly executed as of the day and year first written above.

NATIONAL RAILWAY EQUIPMENT CO.

By: _____
Name:
Title:

THE CIT GROUP/EQUIPMENT
FINANCING, INC.

By: 
Name:
Title:

LAWRENCE E. LITTLEFIELD
VICE PRESIDENT

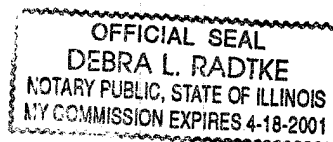
STATE OF Illinois)
COUNTY OF Will) : ss.:

On this 31st day of December, 1978, before me personally appeared Patrick C. Frangella, to me personally known, who, being by me duly sworn, says that (s)he is Vice President of NATIONAL RAILWAY EQUIPMENT CO., that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Debra L. Radtke

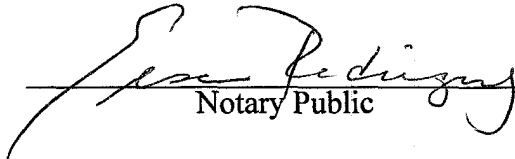
Notary Public

My commission expires 4-18-01.



STATE OF NEW YORK)
 : ss.:
COUNTY OF NEW YORK)

On this 30th day of December, 1998 before me personally appeared Larry Littlefield, to me personally known, who, being by me duly sworn, says that (s)he is Vice President of The CIT Group/Equipment Financing, Inc., that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public

My commission expires May 29, 2000.

ELSA RODRIGUEZ
Notary Public, State of New York
No. 4967228
Qualified in Nassau County
Certificate filed in New York County
Commission Expires May 29, 2000